

04 NCAC 16E .0301 GENERAL POLICIES

(a) Records to be Kept at Principal Office. Each savings institution, each affiliate, and the institution's parent company shall keep and make available for examination by the representatives of the Commissioner of Banks at the principal office, books and records of all the transactions of the institution in its true financial condition. Records shall be kept to permit and facilitate a speedy examination by the representatives of the Commissioner of Banks.

(b) Maintenance of Membership and Stockholder Records. Every savings institution shall maintain membership or stockholder records. When a savings institution has reason to believe 10 percent or more of the outstanding capital stock of the savings institution is controlled by one owner, the institution shall notify the Commissioner in writing and shall include the residential address and the number of shares held by the shareholder.

(c) Savings institutions shall keep the following books and records at the institution, or at its parent holding company, unless another storage site is approved by the Commissioner of Banks in writing:

- (1) Alphabetical direct and indirect liability ledgers. Each institution shall keep an alphabetical direct and indirect liability ledger. The alphabetical direct liability ledger shall show each customer's direct obligations owed to the institution by loan name or account number and the balance outstanding under each account. The alphabetical indirect liability ledger shall show each customer's indirect obligations owed to the institution by loan name or account number and the balance outstanding under each account. The alphabetical direct liability ledger shall be kept in balance with the general ledger control. The alphabetical indirect liability ledger shall be updated at least monthly. Where the aggregate total of a customer's direct and indirect obligations to the institution do not exceed twenty thousand dollars (\$20,000), the indirect obligations of that customer may be omitted from the alphabetical indirect liability ledger. In an institution whose automated record system is not able to produce an alphabetical liability ledger, the institution shall produce an alphabetical listing of customers showing all of a customer's loan or account numbers and the amount outstanding under each account number when called upon by representatives of the Commissioner of Banks. Each institution shall produce both the direct and indirect liability ledgers in hard copy form upon request by representatives of the Commissioner of Banks.
- (2) Monthly reconciliation of accounts with correspondent banks. A record shall be kept, showing the monthly reconciliation of each account with correspondent banks. A signed review of such reconciliations shall be made by an officer or employee of the institution other than the person responsible for preparing the reconciliation.
- (3) Purchases and sales of securities. A record shall be kept of purchases and sales of securities. The record shall include the following:
 - (A) dates of purchases and sales;
 - (B) interest rates;
 - (C) maturities;
 - (D) par value;
 - (E) cost value;
 - (F) all write-ups or write-downs;
 - (G) a full description of the security;
 - (H) from whom purchased;
 - (I) to whom sold;
 - (J) purchase price;
 - (K) selling price; and
 - (L) when, where, and why pledged or deposited.This record shall be maintained in balance with the general ledger control.
- (4) Charge-offs. A record shall be kept of all items charged-off and of all recoveries. All charge-offs shall be authorized or approved by the executive committee or by the board of directors, and the action shall be recorded in their minutes. The charge-off record shall show the date of the charge-off, a description of the asset, and the amount of the charge-off. The record shall be supported by the actual charged-off items or the final disposition of any charged-off item. The record of recoveries shall show the date and amount of each recovery.
- (5) Records of real estate. A record shall be kept of all parcels owned, including the banking house. The record shall show when the property was acquired, how the property was acquired, the cost of the property, the book value of the property, and detailed income and expense reports relating to the property. This record shall be supported by appraisals, title certificates showing assessed value, tax receipts, and hazard insurance policies relating to the property. Every savings institution shall

appraise the value of each parcel of real estate taken in satisfaction of debts previously contracted at the time of acquisition. The report of each appraisal shall be submitted in writing to the Board of Directors and shall be kept in the records of the savings institution.

- (6) Meeting minutes. Minutes of all board of directors' meetings, board committee meetings, and members and stockholders meetings shall be kept showing any action resulting from the meeting. All minutes shall be signed by the chairman and the secretary of such meeting.
 - (7) Cash items held over. A daily record shall be kept of all cash items held over from the day's business, including all checks that would cause an overdraft if handled according to the institution's check-posting policy. This record shall be kept in balance with the general ledger control and shall identify the account on which the item is drawn or is obligated for payment, the reason the item is being held, the date the item was placed in the cash items account, and the amount of the item.
 - (8) Record of income and expenses. A detailed record of income and expenses shall be kept and balanced monthly. A report of this record shall be made to the executive committee or board of directors, and the receipt of same shall be noted in the meeting minutes.
- (d) Unless an institution requests approval of another storage site in writing, and receives approval from the Commissioner of Banks, the books and records of the institution's parent holding company shall be kept at the institution or at the institution's parent holding company; and the books and records of an affiliate of the institution shall be kept at the affiliate, the institution, or the institution's parent holding company.
- (e) Based upon the safety and soundness of a savings institution as determined by examination or other information, the Commissioner of Banks may require a savings institution to prepare or maintain different or additional books, records, and reports.

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